



THE BIG 5 FALSE BAY MUNICIPALITY

**Annual Financial Statements
for the year ended 30 June 2013**

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

General Information

Mayoral committee

Mayor

CC Gumede

Councillors

ZM Mokeona

MS Msane

NR Bukhosini

CT Khumalo

FZ Zulu

N Thethwayo

Grading of local authority

Grade 1

Accounting Officer

AM Dhlomo

Chief Finance Officer (CFO)

NN Shandu

Business address

163 Zebra Street

Hluhluwe

3960

Postal address

P.O BOX 89

Hluhluwe

3960

Bankers

First National Bank of SA

Auditors

The Auditor General South Africa

Private Bag X9034

PIETERMARITZBURG

3200

Attorneys

Duvenage Incorporated

Old Main Road

Hluhluwe

3960

The Big 5 False Bay Municipality

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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Accounting Officer's Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

AM Dhlomo
Accounting Officer

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	2013	2012
Assets			
Current Assets			
Receivables from exchange transactions	5	419,347	191,683
VAT receivable	6	1,310,394	1,755,075
Consumer debtors	7	8,920,582	6,593,637
Cash and cash equivalents	8	592,873	1,389,185
		11,243,196	9,929,580
Non-Current Assets			
Property, plant and equipment	3	100,677,299	93,506,980
Intangible assets	4	173,499	313,514
		100,850,798	93,820,494
Non-Current Assets		100,850,798	93,820,494
Current Assets		11,243,196	9,929,580
Total Assets		112,093,994	103,750,074
Liabilities			
Current Liabilities			
Finance lease obligation	9	435,131	-
Payables from exchange transactions	12	11,345,570	8,173,307
Unspent conditional grants and receipts	10	-	3,499,024
Provisions	11	371,174	342,096
		12,151,875	12,014,427
Non-Current Liabilities			
Finance lease obligation	9	792,155	-
Provisions	11	3,995,577	3,682,559
		4,787,732	3,682,559
Non-Current Liabilities		4,787,732	3,682,559
Current Liabilities		12,151,875	12,014,427
Total Liabilities		16,939,607	15,696,986
Assets		112,093,994	103,750,074
Liabilities		(16,939,607)	(15,696,986)
Net Assets		95,154,387	88,053,088
Accumulated surplus		95,154,387	88,053,088

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Annual Financial Statements for the year ended 30 June 2013

Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012
Revenue			
Revenue from exchange transactions			
Service charges	15	1,077,816	1,020,336
Rental of facilities and equipment		79,056	129,540
Other income		197,764	570,972
Interest received - investment		178,241	178,102
Total revenue from exchange transactions		1,532,877	1,898,950
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	14	6,525,214	5,169,761
Property rates - penalties imposed	14	846,414	994,896
Transfer revenue			
Government grants and subsidies		30,163,024	28,783,342
Fines		29,900	31,231
Total revenue from non-exchange transactions		37,564,552	34,979,230
		1,532,877	1,898,950
		37,564,552	34,979,230
Total revenue	13	39,097,429	36,878,180
Expenditure			
Employee related costs	18	9,813,874	8,714,898
Remuneration of councillors	19	1,416,371	1,429,783
Depreciation and amortisation	22	3,249,965	2,881,353
Impairment loss		69,859	-
Finance costs	23	404,659	424,888
Debt impairment	20	538,114	102,187
Repairs and maintenance		168,631	270,706
Contracted services	25	902,843	807,525
Conditional Grants (operational)	26	4,374,576	4,762,721
General Expenses	17	11,057,238	9,953,536
Total expenditure		31,996,130	29,347,597
		-	-
Total revenue		39,097,429	36,878,180
Total expenditure		(31,996,130)	(29,347,597)
Surplus for the year		7,101,299	7,530,583

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Annual Financial Statements for the year ended 30 June 2013

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	44,561,049	44,561,049
Adjustments		
Correction of errors	(5,240,413)	(5,240,413)
Balance at 01 July 2011 as restated	39,320,636	39,320,636
Changes in net assets		
Cash flow hedges, net of tax		
• Fair value gains in the year	41,201,869	41,201,869
Net income (losses) recognised directly in net assets	41,201,869	41,201,869
Surplus for the year	7,530,583	7,530,583
Total recognised income and expenses for the year	48,732,452	48,732,452
Total changes	48,732,452	48,732,452
Balance at 01 July 2012	88,053,088	88,053,088
Changes in net assets		
Surplus for the year	7,101,299	7,101,299
Total changes	7,101,299	7,101,299
Balance at 30 June 2013	95,154,387	95,154,387

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Annual Financial Statements for the year ended 30 June 2013

Cash Flow Statement

Figures in Rand	Note(s)	2013	2012
Cash flows from operating activities			
Receipts			
Cash receipts from ratepayers, government grants and other		36,800,564	33,027,273
Interest income		178,241	178,102
Payments			
Cash paid to suppliers and employees		(27,831,021)	(24,702,688)
Finance costs		(404,659)	(424,888)
		(28,235,680)	(25,127,576)
Total receipts		36,978,805	33,205,375
Total payments		(28,235,680)	(25,127,576)
Net cash flows from operating activities	27	8,743,125	8,077,799
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(10,694,169)	(8,196,742)
Purchase of other intangible assets	4	(72,554)	(110,838)
Net cash flows from investing activities		(10,766,723)	(8,614,534)
Cash flows from financing activities			
Long term loans raised		1,396,100	-
Long term loans repaid		(168,814)	-
Net cash flows from financing activities		1,227,286	-
Net increase/(decrease) in cash and cash equivalents		(796,312)	(536,735)
Cash and cash equivalents at the beginning of the year		1,389,185	1,925,920
Cash and cash equivalents at the end of the year	8	592,873	1,389,185

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Annual Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	112,721	967,279	1,080,000	1,077,816	(2,184)	
Rental of facilities and equipment	24,500	29,860	54,360	79,056	24,696	
Other income	704,000	(510,000)	194,000	197,764	3,764	
Interest received - investment	-	192,246	192,246	178,241	(14,005)	
Total revenue from exchange transactions	841,221	679,385	1,520,606	1,532,877	12,271	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	6,732,422	-	6,732,422	6,525,214	(207,208)	
	701,000	-	701,000	-	(701,000)	
Government grants and subsidies	17,191,000	(1,729,000)	15,462,000	30,163,024	14,701,024	
Transfer revenue						
Fines	245,000	(190,000)	55,000	29,900	(25,100)	
Total revenue from non-exchange transactions	24,869,422	(1,919,000)	22,950,422	36,718,138	13,767,716	
'Total revenue from exchange transactions'	841,221	679,385	1,520,606	1,532,877	12,271	
'Total revenue from non-exchange transactions'	24,869,422	(1,919,000)	22,950,422	36,718,138	13,767,716	
Total revenue	25,710,643	(1,239,615)	24,471,028	38,251,015	13,779,987	
Expenditure						
Employee related costs	(10,982,940)	2,229,715	(8,753,225)	(9,813,874)	(1,060,649)	
Remuneration of councillors	(1,622,482)	244,665	(1,377,817)	(1,416,371)	(38,554)	
Depreciation and amortisation	(1,430,000)	830,000	(600,000)	(3,249,965)	(2,649,965)	
Impairment loss	-	-	-	(69,859)	(69,859)	
Finance costs	-	(100,000)	(100,000)	(404,659)	(304,659)	
Debt impairment	-	(2,000,000)	(2,000,000)	(538,114)	1,461,886	
Repairs and maintenance	(402,000)	(114,000)	(516,000)	(168,631)	347,369	
Contracted Services	(2,354,000)	(176,000)	(2,530,000)	(902,843)	1,627,157	
Conditional Grant (operational)	-	-	-	(4,374,576)	(4,374,576)	
General Expenses	(8,919,578)	325,592	(8,593,986)	(11,057,238)	(2,463,252)	
Total expenditure	(25,711,000)	1,239,972	(24,471,028)	(31,996,130)	(7,525,102)	
	-	-	-	-	-	
Surplus before taxation	(25,711,000)	1,239,972	(24,471,028)	7,101,299	31,572,327	
Deficit before taxation	(25,711,000)	1,239,972	(24,471,028)	7,101,299	31,572,327	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(25,711,000)	1,239,972	(24,471,028)	7,101,299	31,572,327	

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Annual Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Receivables from exchange transactions	990,000	-	990,000	419,347	(570,653)	
VAT receivable	-	-	-	1,310,394	1,310,394	
Consumer debtors	4,339,000	-	4,339,000	8,920,582	4,581,582	
Cash and cash equivalents	2,189,000	-	2,189,000	592,873	(1,596,127)	
	7,518,000	-	7,518,000	11,243,196	3,725,196	

Non-Current Assets

Property, plant and equipment	51,920,000	-	51,920,000	100,677,299	48,757,299	
Intangible assets	220,000	-	220,000	173,499	(46,501)	
	52,140,000	-	52,140,000	100,850,798	48,710,798	

Non-Current Assets	7,518,000	-	7,518,000	11,243,196	3,725,196	
Current Assets	52,140,000	-	52,140,000	100,850,798	48,710,798	
Non-current assets held for sale (and) (assets of disposal groups)	-	-	-	-	-	
Total Assets	59,658,000	-	59,658,000	112,093,994	52,435,994	

Liabilities

Current Liabilities

Finance lease obligation	-	-	-	435,131	435,131	
Payables from exchange transactions	12,166,000	(7,000,000)	5,166,000	11,345,566	6,179,566	
Provisions	1,980,000	-	1,980,000	371,174	(1,608,826)	
	14,146,000	(7,000,000)	7,146,000	12,151,871	5,005,871	

Non-Current Liabilities

Finance lease obligation	-	-	-	792,155	792,155	
Provisions	1,958,000	-	1,958,000	3,995,579	2,037,579	
	1,958,000	-	1,958,000	4,787,734	2,829,734	

	14,146,000	(7,000,000)	7,146,000	12,151,871	5,005,871	
	1,958,000	-	1,958,000	4,787,734	2,829,734	
	-	-	-	-	-	
Total Liabilities	16,104,000	(7,000,000)	9,104,000	16,939,605	7,835,605	

Assets	59,658,000	-	59,658,000	112,093,994	52,435,994	
Liabilities	(16,104,000)	7,000,000	(9,104,000)	(16,939,605)	(7,835,605)	
Net Assets	43,554,000	7,000,000	50,554,000	95,154,389	44,600,389	

Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated surplus	43,554,000	7,000,000	50,554,000	95,154,389	44,600,389	
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The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1. Basis of presentation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

GRAP 1 Presentation of Financial Statements
GRAP 2 Cash Flow Statement
GRAP 3 Accounting Policies , Changes in Accounting Estimates and Errors
GRAP 4 The Effects of Changes in Foreign Exchange Rates
GRAP 5 Borrowing Costs
GRAP 6 Consolidated and Separate Financial Statements
GRAP 9 Revenue from Exchange Transactions
GRAP 11 Construction Contracts
GRAP 12 Inventories
GRAP 13 Leases
GRAP 14 Events After the Reporting Date
GRAP 16 Investment Properties
GRAP 17 Property, Plant and Equipment
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
GRAP 100 Non-current Assets Held for Sale and Discontinued Operations
GRAP 101 Agriculture
GRAP 102 Intangible Assets
GRAP 21 Impairment of Non-Cash-generating-assets - issued March 2009
GRAP 23 Revenue from Non-Exchange Transactions - issued February 2008
GRAP 24 Presentation of Budget Information - issued November 2007
GRAP 26 Impairment of Cash-generating-assets - issued March 2009
IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables and loans and receivables

The municipality assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Standards, amendments to standards and interpretations issued but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2013 or later periods:

GRAP 18 Segment Reporting - issued March 2005

GRAP 20: Related Party Disclosures

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the Municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an Municipality reports information to management.

Segments information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an Municipality that provides specific outputs or achieves particular operating objectives that are in line with the Municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved by an Municipality within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The Municipality expects to adopt the standard for the first time once it becomes effective.

The impact of this standard is currently being assessed.

GRAP 20: Related Party Disclosures

The objective of the standard is to ensure that an Municipality's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may be affected by the existence of related parties and by transactions and outstanding balances with such parties.

The Standard has been approved by the Board but its effective date has not been determined by the Minister of Finance.

VAT

VAT Receivable is the Net Receivable from all VAT Control Accounts and must agree to the VAT201 Return.

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.2 Property, plant and equipment (continued)

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses including land and buildings.

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.2 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Roads and paving	30
Buildings	30
Pedestrian Malls	30
Electricity	20 - 80
Recreational Facilities	20 - 30
Motor vehicles	
• Specialist vehicles	10
• Other vehicles	5
Office equipment	3 - 7
Furniture and fitting	7 - 10
Watercraft	15
Bins and containers	5
Specialised and plant and equipment	10 - 15
Other items of plant and machinery	2 - 5
Landfill sites	20

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.3 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Computer software, other	2 - 5years
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1.4 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Financial assets and liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.4 Financial instruments (continued)

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.4 Financial instruments (continued)

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Derecognition

Financial assets

A financial asset is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Impairment of financial assets

Assets are carried at amortised cost.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. However, if the lease term has expired the actual amount incurred is recognised as an expense and commitments will be one years worth of expenditure estimated from the current information available.

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.6 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

1.7 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.7 Provisions and contingencies (continued)

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.8 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.9 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.9 Revenue from non-exchange transactions (continued)

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.10 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.11 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.12 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.13 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.14 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.15 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.16 Presentation of currency

These annual financial statements are presented in South African Rand.

1.17 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.18 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.19 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.20 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.21 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.22 Going concern assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2013 or later periods:

The aggregate impact of the initial application of the statements and interpretations on the municipality's annual financial statements is expected to be as follows:

3. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	24,340,400	-	24,340,400	24,340,400	-	24,340,400
Buildings	39,197,939	(4,444,708)	34,753,231	38,942,136	(3,137,519)	35,804,617
Furniture and fixtures	332,588	(167,995)	164,593	487,422	(163,630)	323,792
Motor vehicles	2,847,495	(1,357,343)	1,490,152	1,484,084	(1,068,322)	415,762
Office equipment	1,059,183	(710,175)	349,008	1,191,911	(577,016)	614,895
IT equipment	830,912	(492,823)	338,089	1,002,772	(419,291)	583,481
Infrastructure	27,316,336	(5,510,032)	21,806,304	27,316,336	(4,370,932)	22,945,404
Community	8,000	(2,934)	5,066	8,000	(2,667)	5,333
Assets under construction	17,430,456	-	17,430,456	8,473,296	-	8,473,296
Total	113,363,309	(12,686,010)	100,677,299	103,246,357	(9,739,377)	93,506,980

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Assets written off	Depreciation	Impairment loss	Total
Land	24,340,400	-	-	-	-	24,340,400
Buildings	35,804,617	255,804	-	(1,307,190)	-	34,753,231
Furniture and fixtures	323,792	1,754	(83,821)	(72,938)	(4,194)	164,593
Motor vehicles	415,762	1,363,411	-	(289,021)	-	1,490,152
Office equipment	614,895	17,674	(93,814)	(168,649)	(21,098)	349,008
IT equipment	583,481	98,366	(135,778)	(163,413)	(44,567)	338,089
Infrastructure	22,945,404	-	-	(1,139,100)	-	21,806,304
Community	5,333	-	-	(267)	-	5,066
Assets under construction	8,473,296	8,957,160	-	-	-	17,430,456
	93,506,980	10,694,169	(313,413)	(3,140,578)	(69,859)	100,677,299

Reconciliation of property, plant and equipment - 2012

	Restated opening balance	Additions	Assets written off	Transfers	Depreciation	Total
Land	24,340,400	-	-	-	-	24,340,400
Buildings	25,892,989	84,650	-	10,875,070	(1,048,092)	35,804,617
Furniture and fixtures	219,039	171,834	(1,966)	-	(65,115)	323,792
Motor vehicles	619,662	-	-	-	(203,900)	415,762
Office equipment	545,979	209,567	(5,403)	-	(135,248)	614,895
IT equipment	494,751	228,512	(1,671)	-	(138,111)	583,481
Infrastructure	22,806,240	-	-	1,317,700	(1,178,536)	22,945,404
Community	5,600	-	-	-	(267)	5,333
Assets under construction	13,163,888	7,502,178	-	(12,192,770)	-	8,473,296
	88,088,548	8,196,741	(9,040)	-	(2,769,269)	93,506,980

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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4. Intangible assets

	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	533,599	(360,100)	173,499	691,920	(378,406)	313,514

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Written off	Amortisation	Total
Computer software, other	313,514	72,554	(122,423)	(90,146)	173,499

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, other	315,073	110,837	(312)	(112,084)	313,514

5. Receivables from exchange transactions

Consumer debtors - Rentals	271,161	154,924
Prepaid expenses	130,594	-
Sundry debtors	17,592	36,759
	419,347	191,683

6. VAT receivable

VAT	1,310,394	1,755,075
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7. Consumer debtors

Gross balances		
Consumer debtors	11,427,973	8,562,914
Less: Allowance for impairment		
Consumer debtors	(2,507,391)	(1,969,277)
Net balance		
Consumer debtors	8,920,582	6,593,637

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Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
7. Consumer debtors (continued)		
Summary of debtors by customer classification		
Consumers and place of worship		
Current (0 -30 days)	161,066	180,875
31 - 60 days	131,369	156,365
61 - 90 days	167,850	142,480
91 - 120 days	165,260	136,501
121 - 150 days	213,235	131,343
151 - 180 days	105,635	128,478
> 181 days	4,584,135	3,241,705
	<u>5,528,550</u>	<u>4,117,747</u>
Less: Allowance for impairment	(2,507,391)	(1,969,277)
	<u>3,021,159</u>	<u>2,148,470</u>
Agriculture and commercial		
Current (0 -30 days)	351,969	314,802
31 - 60 day	254,476	240,793
61 - 90 days	228,687	191,889
91 - 120 days	197,929	190,001
121 - 150 days	226,355	177,181
151 - 180 days	140,120	166,693
> 181 days	3,386,206	2,351,535
	<u>4,785,742</u>	<u>3,632,894</u>
National and Provincial Government		
Current (0 -30 days)	32,164	84,915
31 - 60 days	31,021	24,264
61 - 90 days	31,028	23,783
91 - 120 days	30,687	23,268
121 - 150 days	30,794	23,048
151 - 180 days	30,316	23,299
> 181 days	927,665	609,696
	<u>1,113,675</u>	<u>812,273</u>
Total		
Current (0 -30 days)	-	580,592
31 - 60 days	962,069	421,422
61 - 90 days	427,565	358,152
91 - 120 days	393,876	349,770
121 - 150 days	470,385	331,572
151 - 180 days	276,071	318,470
> 181 days	8,898,007	6,202,936
	<u>11,427,973</u>	<u>8,562,914</u>
Less: Allowance for impairment	(2,507,391)	(1,969,277)
	<u>8,920,582</u>	<u>6,593,637</u>
Reconciliation of allowance for impairment		
Balance at beginning of the year	(1,969,277)	(1,867,090)
Contributions to allowance	(538,114)	(102,187)
	<u>(2,507,391)</u>	<u>(1,969,277)</u>

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	-	689
Primary bank account	6,403	72,096
Call account	15,723	153,380
Other bank balances	23,189	525,157
Short Term Investment	547,558	637,863
	592,873	1,389,185

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2013	30 June 2012	30 June 2011	30 June 2013	30 June 2012	30 June 2011
Cash on hand	-	689	2,000	-	689	2,000
First National Bank (Primary bank account) - 62022340385 (Main Bank Account)	6,403	72,096	222,913	6,403	72,096	222,913
First National Bank - 62075347396	14,199	132,421	3,585	14,199	132,421	3,585
First National Bank (Call account) - 62214360068	15,723	153,380	579,524	15,723	153,380	579,524
First National Bank - 62191984949	345	48,890	443,144	345	48,890	443,144
First National Bank - 62196695533	4,673	313,296	19,622	4,673	313,296	19,622
First National Bank - 62174958276	3,972	30,549	30,549	3,972	30,549	30,549
ABSA Bank (Short Term Investment) - 9109586760	547,558	637,864	-	547,558	637,864	-
Total	592,873	1,389,185	1,301,337	592,873	1,389,185	1,301,337

9. Finance lease obligation

Minimum lease payments due

- within one year	435,131	-
- in second to fifth year inclusive	792,155	-
Present value of minimum lease payments	1,227,286	-

Present value of minimum lease payments due

- within one year	435,131	-
- in second to fifth year inclusive	792,155	-
	1,227,286	-

Non-current liabilities	792,155	-
Current liabilities	435,131	-
	1,227,286	-

It is municipality policy to lease certain motor vehicles and equipment under finance leases.

The average lease term was 3 - 5 years and the average effective borrowing rate was 10%.

Interest rates are linked to prime at the contract date. All leases have fixed repayments.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 3.

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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10. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

MIG Grants	-	693,814
Sports and Recreation	-	104,770
INEG (Electrification Programme Grant)	-	2,700,440
	<u>-</u>	<u>3,499,024</u>

11. Provisions

Reconciliation of provisions - 2013

	Opening Balance	Additions	Total
Land fill site Provision	4,024,655	342,096	4,366,751

Reconciliation of provisions - 2012

	Opening Balance	Additions	Reversed during the year	Total
Land fill site Provision	3,709,359	315,296	-	4,024,655
Bonus Provision	222,413	-	(222,413)	-
	<u>3,931,772</u>	<u>315,296</u>	<u>(222,413)</u>	<u>4,024,655</u>

Non-current liabilities	3,995,577	3,682,559
Current liabilities	371,174	342,096
	<u>4,366,751</u>	<u>4,024,655</u>

The provision for rehabilitation of landfill site relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 10.5%, over an average period of 20 years.

12. Payables from exchange transactions

Trade payables	6,423,275	4,699,321
Payments received in advanced - contract in process	-	59,811
Site deposit	2,533,960	2,513,960
Retention	890,511	-
Accrued expenses	70,100	-
Negative Debtors	72,434	24,321
Leave pay	825,160	478,099
Deposits received	5,439	-
Unallocated deposits	1,118	1,018
Other creditors	523,573	396,777
	<u>11,345,570</u>	<u>8,173,307</u>

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

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Figures in Rand	2013	2012
13. Revenue		
Service charges	1,077,816	1,020,336
Rental of facilities and equipment	79,056	129,540
Other income	197,764	570,972
Interest received - investment	178,241	178,102
Property rates	6,525,214	5,169,761
Property rates - penalties imposed	846,414	994,896
Government grants and subsidies	30,163,024	28,783,342
Fines	29,900	31,231
	39,097,429	36,878,180
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	1,077,816	1,020,336
Rental of facilities and equipment	79,056	129,540
Other income	197,764	570,972
Interest received - investment	178,241	178,102
	1,532,877	1,898,950
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	6,525,214	5,169,761
Property rates - penalties imposed	846,414	994,896
Transfer revenue		
Government grants and subsidies	30,163,024	28,783,342
Fines	29,900	31,231
	37,564,552	34,979,230
14. Property rates		
Rates received		
Property rates	6,525,214	5,169,761
	6,525,214	5,169,761
Property rates - penalties imposed	846,414	994,896
	7,371,628	6,164,657
15. Service charges		
Refuse removal	1,077,816	1,020,336

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
16. Government grants and subsidies		
Operating grants		
Equitable share	14,141,000	12,360,000
Municipal Assistance Programme Grant	-	76
Financial Management Grant	1,500,000	1,450,000
Municipal System Improvement Grant	800,000	790,000
Sport and Recreation Grant	254,770	604,685
Library Grant	600,000	586,363
INEG (Electrification Program Grant)	2,700,440	2,723,388
	<u>19,996,210</u>	<u>18,514,512</u>
Capital grants		
Municipal Infrastructure Grant	10,166,814	10,268,830
	<u>10,166,814</u>	<u>10,268,830</u>
	<u>30,163,024</u>	<u>28,783,342</u>
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Municipal Infrastructure Grant		
Balance unspent at beginning of year	693,814	1,728,644
Current-year receipts	11,202,000	9,234,000
Conditions met - transferred to revenue	(10,166,814)	(10,268,830)
Transfer to Equitable Share	(1,729,000)	-
	<u>-</u>	<u>693,814</u>
Conditions still to be met - remain liabilities (see note 10).		
Financial Management Grant		
Current-year receipts	1,500,000	1,450,000
Conditions met - transferred to revenue	(1,500,000)	(1,450,000)
	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 10).		
Municipal Systems Improvement Grant		
Current-year receipts	800,000	790,000
Conditions met - transferred to revenue	(800,000)	(790,000)
	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 10).		
Municipal Assistance Programme Grant		
Current-year receipts	-	76
Conditions met - transferred to revenue	-	(76)
	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 10).		

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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16. Government grants and subsidies (continued)

Sports and Recreation Grant

Balance unspent at beginning of year	104,770	34,455
Current-year receipts	150,000	675,000
Conditions met - transferred to revenue	(254,770)	(604,685)
	<u>-</u>	<u>104,770</u>

Conditions still to be met - remain liabilities (see note 10).

Recycle Development Grant

Current-year receipts	-	40,000
Conditions met - transferred to revenue	-	(40,000)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 10).

Library Grant

Current-year receipts	600,000	586,363
Conditions met - transferred to revenue	(600,000)	(586,363)
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 10).

INEG - Electrification Programme Grant

Balance unspent at beginning of year	2,700,440	-
Current-year receipts	-	5,425,000
Conditions met - transferred to revenue	(2,700,440)	(2,724,560)
	<u>-</u>	<u>2,700,440</u>

Conditions still to be met - remain liabilities (see note 10).

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
17. General expenses		
Minor assets	13,562	23,718
Audit committee	160,494	185,886
Auditors remuneration	1,478,038	1,450,424
Bank charges	37,219	29,772
Bursaries	15,000	175,000
Computer expenses	337,093	128,096
Consumables	11,710	-
Council support	7,500	75,345
Courier and postage	205,799	176,587
Disaster management	984,362	988,877
Electricity	321,322	352,409
Entertainment	87,431	98,128
Events and social projects	187,972	407,412
Fuel and oil	312,644	352,187
Group life	207,002	57,373
Insurance	11,217	110,701
Lease rentals on operating lease	1,554,171	1,886,396
Legal fees	102,572	51,108
License fees - vehicles	106,898	205,057
Loss on sale of asset	-	9,363
Other expenses	92,152	170,218
Plotter maps	20,812	-
Printing and stationery	154,217	180,774
Poverty alleviation	-	14,950
Publicity	239,954	200,601
Scrapping loss	435,837	-
Security	1,844,215	870,428
Sport and recreation	49,321	27,444
Subscriptions and membership fees	450,000	-
Telephone and fax	340,392	298,895
Training	494,116	769,628
Uniforms	9,055	59,666
Upliftment programme	75,594	101,104
Travel and subsistence	709,567	495,989
	11,057,238	9,953,536

The Big 5 False Bay Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2013	2012
18. Employee related costs		
Basic	4,829,395	4,631,401
Bonus	327,863	276,288
Medical aid - company contributions	836,096	610,172
UIF	56,101	57,436
SDL	82,578	75,754
Leave pay provision charge	466,956	20,809
Overtime payments	153,383	153,207
	6,752,372	5,825,067
Remuneration of municipal manager		
Annual remuneration	613,792	580,568
Travel, motor car, accomodation, subsistence and other allowances	120,000	133,589
Contributions to UIF, medical and pension funds	8,859	2,853
	742,651	717,010
Remuneration of chief finance officer		
Annual remuneration	507,364	565,527
Travel, motor car, accomodation, subsistence and other allowances	145,827	204,756
Contributions to UIF, medical and pension funds	8,239	17,743
	661,430	788,026
Remuneration of planning services		
Annual remuneration	366,778	565,527
Travel, motor car, accomodation, subsistence and other allowances	121,310	102,504
Contributions to UIF, medical and pension funds	6,359	2,995
	494,447	671,026
Remuneration of Corporate services		
Annual remuneration	647,191	613,527
Travel, motor car, accomodation, subsistence and other allowances	6,000	97,247
Contributions to UIF, medical and pension funds	8,430	2,995
	661,621	713,769
Remuneration of director community services		
Annual Remuneration	357,982	-
Car Allowance	137,327	-
Contributions to UIF, Medical and Pension Funds	6,044	-
	501,353	-
Total employee related costs	9,813,874	8,714,898

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
19. Remuneration of councillors		
Councillors	881,297	866,812
Councillors' pension contribution	140,689	142,689
Other	394,385	420,282
	1,416,371	1,429,783
In-kind benefits		
The Executive Mayor is provided with an office, a motor vehicle, body guards and secretarial support at the cost of the Council.		
20. Debt impairment		
Debt impairment	538,114	102,187
21. Interest earned		
Interest revenue		
External investments	178,241	178,102
22. Depreciation and amortisation		
Property, plant and equipment	3,159,819	2,769,269
Intangible assets	90,146	112,084
	3,249,965	2,881,353
23. Finance costs		
Finance leases	62,563	-
Other interest	342,096	424,888
	404,659	424,888
24. Auditors' remuneration		
Fees	1,478,038	1,450,424
25. Contracted services		
Other Contractors	902,843	807,525
26. Conditional Grants (operational)		
Conditional Grants (operational)		
Library Grant expenditure	300,103	172,863
Municipal System Improvement Grant	776,011	544,903
Municipal Infrastructure Grant	-	624,494
Financial Management Grant	789,665	902,270
Sport and Recreation expenditure	139,990	128,226
INEG (Electrification Programme Grant)	2,368,807	2,389,965
	4,374,576	4,762,721

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
27. Cash generated from operations		
Surplus	7,101,299	7,530,583
Adjustments for:		
Depreciation and amortisation	3,249,965	2,881,353
Impairment loss	69,859	-
Debt impairment	538,114	102,187
Movements in provisions	29,078	105,698
Loss on sale of asset	-	9,363
Scrapping loss	435,837	-
Other non-cash items	(305,207)	449,936
Investment income	(178,241)	178,102
Interest paid	342,096	315,295
Changes in working capital:		
Receivables from exchange transactions	(227,664)	-
Consumer debtors	(2,865,059)	(2,808,891)
Payables from exchange transactions	3,172,260	(657,082)
VAT	444,681	(761,727)
Unspent conditional grants and receipts	(3,499,024)	732,982
Increase in Finance leases	435,131	-
	8,743,125	8,077,799

28. Commitments

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	1,256,444	1,363,324
- in second to fifth year inclusive	-	1,256,444
	1,256,444	2,619,768

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

29. Related parties

There were no related party transactions during the financial year.

30. Prior period errors

During the year ended 30 June 2012 and previous years, income, expenses, assets and liabilities were incorrectly recognised / stated:-

The comparative amount has been restated as follows:

Closing balance 30 June 2012 per AFS	-	93,293,501
The comparative amount has been restated as follows:	-	-
Depreciation	-	(463,670)
Non Current Assets (PPE)	-	(3,752,854)
Accrued expenses	-	40,907
Reversal of depreciation	-	38,552
Conditional grants	-	(962,867)
Discounting factor	-	170,114
Other expenses	-	4,700
Finance Costs	-	(315,295)
	-	(5,240,413)
Restated balance 30 June 2012	-	88,053,088

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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31. Comparative figures

Budget information in accordance with GRAP 1 and 24, has been provided in an the statement of appropriation to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The effects of the reclassification are as follows:

Unspent Conditional Grants

Previous disclosure	-	2,536,157
Correction	-	962,867
Restated Balance	-	<u>3,499,024</u>

The correction of error was due to an invoice incorrectly disclosed in 2011/12 financial year whereas 2012/13 invoice.

Provision (Current)

Previous disclosure	-	1,417,874
Correction	-	(1,075,778)
Restated Balance	-	<u>342,096</u>

The correction of error is due to reclassification of provision for landfill site to long term provision.

Provison (Non-current)

Correction	-	3,682,559
Restated Balance	-	<u>3,682,559</u>

The correction of error is due to reclassification from current provisions.

Property Plant and equipment

Previous disclosure	-	94,740,547
Correction	-	(1,233,567)
Restated Balance	-	<u>93,506,980</u>

The correction of errors is due to assets that were newly identified

32. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and monitored on the monthly basis.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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33. Events after the reporting date

Disclose for each material category of non-adjusting events after the reporting date:

- nature of the event.
- estimation of its financial effect or a statement that such an estimation cannot be made.

34. Unauthorised expenditure

Opening balance	5,056,633	145,916
Unauthorised expenditure current year	7,523,964	5,056,633
Condoned or written off by council	(12,580,597)	(145,916)
	<u>-</u>	<u>5,056,633</u>

The current year unauthorised expenditure relates to over expenditure on the operating budget.

35. Fruitless and wasteful expenditure

Opening balance	109,593	1,009,421
Current year	3,827	109,593
Condoned by council	(113,420)	(1,009,421)
	<u>-</u>	<u>109,593</u>

Fruitless and wasteful expenditure incurred in the current year relates to interests and penalties on late payments.

36. Irregular expenditure

Opening balance	3,301,791	-
Suppliers in the service of state	-	45,600
Expired contracts - Current year	-	114,727
Expired contracts - Prior year	-	183,957
Preferential point system not used	-	109,287
Declaration of interest not provided by service providers	-	398,220
Site deposit	-	2,450,000
Irregular expenditure condoned by council	(3,301,791)	-
	<u>-</u>	<u>3,301,791</u>

37. Capital Commitments

Approved but not yet contracted for

- Infrastructure	<u>10,925,000</u>	<u>11,228,000</u>
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The above capital expenditure will be financed from:

- Government Grants	<u>10,925,000</u>	<u>11,228,000</u>
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Commitments in respect of capital expenditure

Commitments relates to MIG projects that have already been registered by June 2013 for the 2013/14 financial year.

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand

38. Statement of comparative and actual information

2013

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance											
Property rates	7,433,422	-	7,433,422	-		7,433,422	7,371,628		(61,794)	99 %	99 %
Service charges	112,721	967,298	1,080,019	-		1,080,019	1,077,816		(2,203)	100 %	956 %
Investment revenue	-	-	-	-		-	178,241		178,241	DIV/0 %	DIV/0 %
Transfers recognised - operational	17,191,001	(1,729,000)	15,462,001	-		15,462,001	-		(15,462,001)	- %	- %
Other own revenue	973,940	(478,694)	495,246	-		495,246	276,820		(218,426)	56 %	28 %
Total revenue (excluding capital transfers and contributions)	25,711,084	(1,240,396)	24,470,688	-		24,470,688	8,904,505		(15,566,183)	36 %	35 %
Employee costs	(10,982,940)	2,229,715	(8,753,225)	-	-	(8,753,225)	(9,813,874)	-	(1,060,649)	112 %	89 %
Remuneration of councillors	(1,622,482)	244,665	(1,377,817)	-	-	(1,377,817)	(1,416,371)	-	(38,554)	103 %	87 %
Debt impairment	-	(2,000,000)	(2,000,000)			(2,000,000)	(538,114)	-	1,461,886	27 %	DIV/0 %
Depreciation and asset impairment	(1,430,000)	830,000	(600,000)			(600,000)	(3,319,824)	-	(2,719,824)	553 %	232 %
Finance charges	-	(100,000)	(100,000)	-	-	(100,000)	(404,659)	-	(304,659)	405 %	DIV/0 %
Transfers and grants	-	-	-	-	-	-	(4,374,576)	-	(4,374,576)	DIV/0 %	DIV/0 %
Other expenditure	(11,675,610)	34,487	(11,641,123)	-	-	(11,641,123)	(12,128,712)	-	(487,589)	104 %	104 %
Total expenditure	(25,711,032)	1,238,867	(24,472,165)	-	-	(24,472,165)	(31,996,130)	-	(7,523,965)	131 %	124 %
Total revenue (excluding capital transfers and contributions)	25,711,084	(1,240,396)	24,470,688	-	-	24,470,688	8,904,505	-	(15,566,183)	36 %	35 %
Total expenditure	(25,711,032)	1,238,867	(24,472,165)	-	-	(24,472,165)	(31,996,130)	-	(7,523,965)	131 %	124 %
Surplus/(Deficit)	52	(1,529)	(1,477)	-		(1,477)	(23,091,625)		(23,090,148)	563,414 %	406,971 %

The Big 5 False Bay Municipality

Annual Financial Statements for the year ended 30 June 2013

Notes to the Annual Financial Statements

Figures in Rand

38. Statement of comparative and actual information (continued)

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Surplus/(Deficit)	52	(1,529)	(1,477)	-	-	(1,477)	(23,091,625)	-	(23,090,148)	563,414 %	406,971)%
Transfer recognised - Capital	(11,202,000)	-	(11,202,000)	-		(11,202,000)	(10,766,723)		435,277	96 %	96 %
Surplus (Deficit) after capital transfers and contributions	52	(1,529)	(1,477)	-	-	(1,477)	(23,091,625)	-	(23,090,148)	563,414 %	406,971)%
Total Source of Capital Funds	11,202,000	-	11,202,000	-	-	11,202,000	10,766,723	-	(435,277)	96 %	96 %
Surplus/(Deficit) for the year	11,202,052	(1,529)	11,200,523	-		11,200,523	(12,324,902)		(23,525,425)	(110)%	(110)%